

HJR 622 STUDY: CHESAPEAKE BAY PRESERVATION ACT - EXPANSION

RESOLVED FURTHER, That the Chesapeake Bay Local Assistance Department be requested to submit to the Commission for inclusion in Commission's interim report (i) **an assessment of the benefits to the environment, along with the costs and effects to state and local governments of extending the Act to include localities outside of "Tidewater Virginia" that are within the Chesapeake Bay watershed;** (ii) **the potential need for changes to existing regulations to reflect differences in the topography and geology for such an expansion;** and (iii) **the financial resources needed in the form of state implementation grants to local governments for such an expansion.** The Department shall complete and submit its findings and recommendations to the Commission by October 20, 2001.

VII. STATE FINANCIAL RESOURCE NEEDS - STATE GRANTS AND COSTS TO THE STATE

This Chapter addresses the financial resources needed in the form of state implementation grants to local governments and the costs to state government of expanding the Act to the balance of the Watershed. § 10.1-2100.B provides that local governments have the initiative for planning and for implementing the provisions of the Act, and the Commonwealth shall act primarily in a supportive role by providing oversight for local government programs, by establishing criteria, and by providing those resources necessary to carry out and enforce the provisions of the Act. The obligation for providing oversight is conducted through the Chesapeake Bay Local Assistance Department and is addressed in this Chapter in the Section, State Program Operation. The obligation for providing the resources necessary to carry out and enforce provisions of the Act is addressed through the CBLAD grant programs.

Grant Programs: The Department operates two grant programs that provide resources to carry out the program at the local level. These are the Agriculture Water Quality Grants Program and the Local Assistance Grant Program. A third category is the Technical Assistance Grant Program. It is used for research, pilot/demonstration projects that are transferable, and for projects that have general applicability (such as the Better Site Design in Virginia report). For the purpose of this report, only the first two categories are analyzed.

Agriculture Water Quality Grant Program (Farm Plans): The description of what constitutes a soil and water quality conservation plan (SWQCP) and how it varies from a nutrient management plan is provided in Chapter IV. Historic information on the production of SWQCP plans is provided in Table VII-1. In 1992, the estimate of the number of plans needed for compliance was 25,382. Approximately 22% of that number has been provided to date. The lesser amount of acreage per plan and the increasing cost in recent years is due, in part, to the preparation of plans for small, horse and hobby based farms in the Northern Virginia area.

Table VII-1	CBLAD Program Farm Plan Production			
	<i>10 year history</i>	<i>Annual average</i>	<i>Last year figures</i>	
Funding	\$3,987,006	\$398,700	\$459,885	
Plans*	5,813	581	701	
Acres	281,733	28,173	24,481	
Linear feet of buffer protected**	4,514,498	451,450	217,616	
Acres of buffer protected	5,208	520	236	
Acres of buffer created/restored	*** 191	48	24	
Cost of plan/acre	\$14.15	\$14.15	\$18.79	

* number of plans is greater than the number of farms; i.e. multiple plans per farm

** one side measurements) (25', 50', and 100' buffers

*** four years of data

Progress in producing SWQCP plans to cover the entire area subject to the Act is relatively slow. The progress is dependent upon funding. In recent years (FY 98 to FY 01), the funding for these plans has increased from an initial level of \$375,000 per year to a current level of approximately \$460,000 per year. The current rate of SWQCP production (over the past three years) approximates 740 per year. Thus, at current funding and production levels, the current task would not be complete until around 2025. The rate of production should increase significantly however, given changes to the Regulations that are currently being processed. These changes allow use of an assessment process and incremental modifications to current nutrient management plans. The anticipated result will be a lower average cost for the production of compliant plans and an increase the annual number of compliant plans.

Table VII-2 provides information for a comparison between the Tidewater Area and the potential Expansion Area in terms of potential demand for plans.

Table VII-2	Comparison Table – Farm Plans	
	<i>Expansion Area</i>	<i>Tidewater Area</i>
# of farms	15,145	4,369
Acreage	3,041,713	1,180,219
Average size (ac)	200	270
Cropland acres	797,151	718,290
Livestock Farms (total)	12,257	1,929
Beef Cow Farms	8,835	1,182
Dairy Farms	812	74
Sheep Farms	860	134
Poultry Farms	1,290	340
Hog Farms	460	199

As pointed out in Chapter IV there is a difficulty in projecting the number of plans that will need to be undertaken due to the very different nature of the agriculture industry in the potential Expansion Area due to the high incidence of livestock farms. The above Table does not provide information regarding livestock acreage per type of farm. However, by subtracting the cropland acres from the overall acreage an allocation of 461,929 acres in Tidewater and 2,244,562 acres in the potential Expansion Area is derived. The expansion area acreage however is probably excessive since it may include woodlands in which grazing occurs. Notwithstanding the complexities associated with livestock plan estimates, the situation with regard to cropland is more straight-forward in that nutrient management and cost-share activities do occur in the potential Expansion Area. The Shenandoah/Potomac River Basin Tributary Strategy reports that 280,000 acres have nutrient management plans.

For the purpose of projecting costs there is no special formula. It simply comes down to priorities and the availability of resources. For the purpose of projecting implementation costs, the CBLAD extrapolation method used for the fiscal impact of SB 821 considered a relationship between the number of units of government and the difference in total land area with a resulting additional annual allocation of \$750,000 for farm plan development. While other scenarios could be created, the annual allocation of \$750,000 is conservative but reasonable given the great demand that exists.

Local Assistance Grant Program: The local assistance grant program is the major vehicle for the actual development and implementation of the local programs. The Chesapeake Bay Local Assistance Department annually requests proposals for projects to implement the Chesapeake Bay Preservation Act and Regulations. Tidewater planning district commissions and local governments that implement the Bay Act are eligible to apply for funding. Once the proposals are received, they are evaluated by Department staff, scored by a committee of local government representatives and staff of other state agencies, and assessed by the Chesapeake Bay Local Assistance Board's Grants Committee. Awards are announced in late winter after consideration by the full Board, and projects run from July to June (corresponding with fiscal years). Grant funds are distributed on a quarterly reimbursement schedule, following receipt and approval of progress and financial reports and deliverables.

Table VII-3 provides historic information about the local assistance grant program since its inception. The information is provided by the type of jurisdiction to which the grant was awarded i.e. counties, cities, towns, and planning district (regional) commissions; and, by its use for Phase I (area identification, codes, and activities) program development, Phase II (comprehensive planning) development, and on-going program implementation. Figures VII 1 through 6 show the allocation of the funding for various purposes or among various jurisdiction types. The data from the table and expressed in the figures were used to create the scenarios that are described in the following section.

Table VII-3 CHEASPEAKE BAY LOCAL ASSISTANCE DEPARTMENT LOCAL ASSISTANCE GRANT PROGRAM PROGRAM HISTORY					
Unit of Government & #	Amount	I - Dev.	I - Imp.	II - Dev.	
1991					
Counties	37	600,157	314,734	285,423	0
Cities	17	341,600	150,774	190,826	0
Towns	6	54,294	54,294	0	0
PDCs	7	115,000	8,500	106,500	0
TOTALS	67	\$1,111,051	\$528,302	\$582,749	0
1992					
Counties	20	249,707	49,936	199,771	0
Cities	7	48,451	43,867	4,584	0
Towns	9	62,191	34,421	27,770	0
PDCs	8	138,222	79,986	58,236	0
TOTALS	44	\$498,571	\$208,210	\$290,361	\$0
1993					
Counties	33	549,702	183,049	366,653	0
Cities	9	159,291	39,805	120,206	0
Towns	4	58,906	42,099	16,807	0
PDCs	6	210,342	91,375	65,367	53,600
TOTALS	52	\$978,241	\$356,328	\$569,033	\$53,600
1994					
Counties	24	522,903	42,284	480,619	0
Cities	8	152,377	56,954	95,423	0
Towns	4	46,175	28,000	18,175	0
PDCs	9	211,657	80,070	97,865	33,722
TOTALS	45	\$933,112	\$207,308	\$692,082	\$33,722
1995					
Counties	19	405,438	81,400	324,038	0
Cities	7	150,000	0	150,000	0
Towns	0	0	0	0	0
PDCs	5	114,163	14,163	75,000	25,000
TOTALS	31	\$669,601	\$95,563	\$549,038	\$25,000
1996					
Counties	26	442,933	79,957	362,976	0
Cities	11	217,950	20,950	197,000	0
Towns	0	0	0	0	0
PDCs	7	158,500	18,500	100,000	40,000
TOTALS	44	\$819,383	\$119,407	\$659,976	\$40,000
1997					
Counties	25	468,696	44,848	418,848	5,000
Cities	7	157,200	0	157,200	0
Towns	1	5,000	0	0	5,000
PDCs	12	219,717	63,555	70,664	85,500
TOTALS	45	\$850,613	\$108,403	\$646,712	\$95,500

<i>Unit of Government & #</i>		<i>Amount</i>	<i>I - Dev.</i>	<i>I - Imp.</i>	<i>II - Dev.</i>
1998					
Counties	18	365,068	76,637	160,441	127,990
Cities	7	162,228	0	61,795	100,433
Towns	3	31,000	3,000	0	28,000
PDCs	12	164,677	15,400	41,350	107,927
TOTALS	40	\$722,973	\$95,037	\$263,586	\$364,350
1999					
Counties	13	339,197	11,000	171,141	157,056
Cities	3	92,989	0	30,000	62,989
Towns	2	26,400	0	0	26,400
PDCs	5	104,421	10,000	20,000	74,421
TOTALS	23	\$563,007	\$21,000	\$221,141	\$320,866
2000					
Counties	11	281,857	6,250	164,038	111,569
Cities	4	125,503	24,000	0	101,503
Towns	1	48,888	0	48,888	0
PDCs	7	122,034	20,000	21,105	80,929
TOTALS	23	\$578,282	\$50,250	\$234,031	\$294,001
2001					
Counties	10	255,421	0	217,721	37,700
Cities	6	139,020	44,020	28,000	67,000
Towns	3	81,877	11,500	50,377	20,000
PDCs	4	120,111	20,000	47,111	53,000
TOTALS	23	\$596,429	\$75,520	\$343,209	\$177,700
2002					
Counties	9	281,843	0	231,843	50,000
Cities	1	36,000	0	36,000	0
Towns	1	55,448	0	55,448	0
PDCs	3	120,140	20,000	45,490	54,650
TOTALS	14	\$493,431	\$20,000	\$368,781	\$104,650
CUMULATIVE					
Counties	245	4,762,922	890,095	3,383,512	489,315
Cities	87	1,782,609	380,370	1,071,034	331,925
Towns	34	470,179	173,314	217,465	79,400
PDCs	85	1,798,984	441,549	748,688	608,749
TOTALS	451	\$8,814,694	\$1,885,328	\$5,420,699	\$1,509,389
	Number	Amount	I - Dev.	I - Imp.	II - Dev.

Figure VII-1
T.A. Grants by Program Element

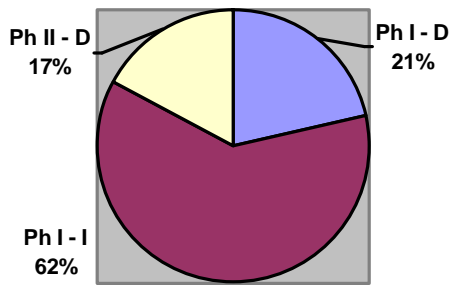


Figure VII-2
Local Assistance Grant Allocations by Jurisdiction

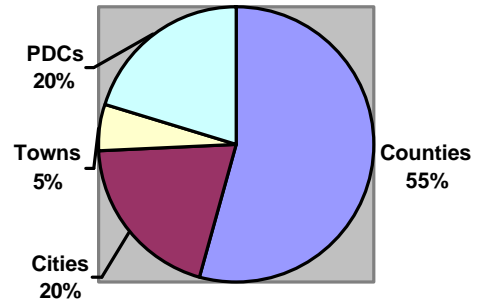


Figure VII-3
Phase I Development - Allocation by Jurisdiction Type

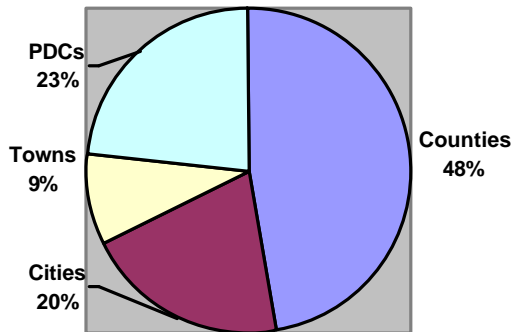


Figure VII-4
Phase II- Allocation by Jurisdiction

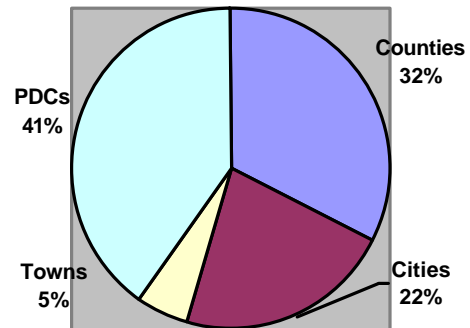


Figure VII-5
Phase I Development - Allocation by Use

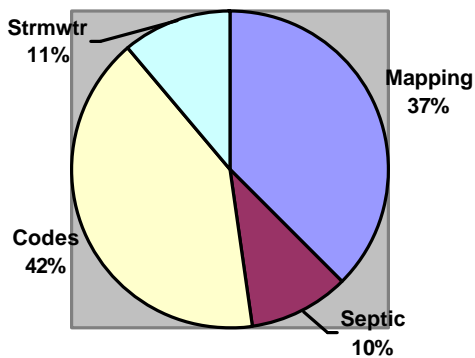
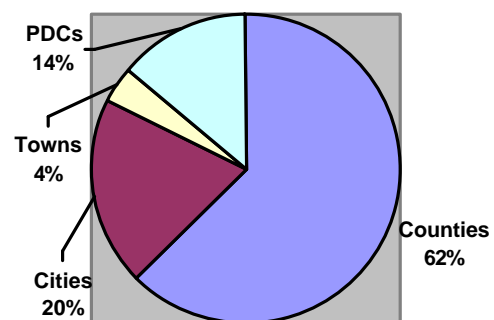


Figure VII-6
Phase I Implementation - Allocation by Jurisdiction Type



State Program Operation: Following are four projections or scenarios to address the financial resources needed in the form of state implementation grants to local governments and the costs to state government of expanding the Act to the balance of the Watershed. The first two were previously provided when SB 821 was considered. These include the CBLAD budget estimate and the FIS that was prepared for SB 821. The next two are scenarios developed after taking into consideration the detailed CBLAD program history and content of this report in terms of possible changes to the overall program.

Data and Analysis – CBLAD Extrapolation Budget Estimate for SB 821: Table VII-4 is a condensation of the table and data sheet that was prepared by CBLAD as input to the deliberations on SB 821. The full table and data sheet along with the narrative that provides the methodology for each item is contained in the appendices. In general, the methodology is that of extrapolating current program costs by a percentage factor relating to the increase in work demands. The factors were based upon increases in the number of units of local government being served, increases in land area, and proportional increases in staffing. A factor of 108 additional units of government was used as opposed to the number of 104 that is suggested in Chapter three of this report. Also, the existing need included the current year (2001) budget allocation supplemented by a supplemental appropriation amount that was included in the Department's decision package submission. While this approach provides a quick and general indication of annual costs at the full operation of the program, it did take into account how a program tailored for the potential Expansion Area would be developed and phased in over a reasonable period of time.

<i>Table VII-4 CBLAD – DEPARTMENT BUDGET PROJECTIONS FOR SB 821</i>				
<i>CATEGORY</i>	<i>Existing Need</i>	<i>Expansion</i>	<i>Total</i>	
Personnel & Operations	1,585,856	2,038,958	3,624,814	
Operations Supplement	114,114	0	114,144	
Space/Equip set up (1x)	0	490,000	490,000	
Remote Office Ops	0	50,000	50,000	
Competitive Grants	571,962	1,690,393	2,262,355	
Comp Grant Supplement	728,158	0	728,158	
Agricultural Grants	468,500	750,000	1,218,500	
Ag Grant Supplement	31,500	0	31,500	
WQ Monitoring Suppl.	150,000	0	150,000	
TOTALS	3,650,120	5,019,351	8,669,471	
AGENCY MEL	Existing	Expansion	Total	
Appointed	1	1	1	
Classified	20	29	49	
TOTALS	21	30	51	

Data and Analysis – DPB FIS for SB 821: Figure VII-7 reflects the Fiscal Impact Statement that was prepared for the Senate Committee on Agriculture, Conservation and Natural Resources during its deliberation of SB 821. The budget implications in this FIS dealt with the first two years of operation assuming immediate start-up with almost full staffing. While detailed personnel information is provided with regard to new personnel and positions categories, it is not used later in this report due to changes in the position classification system. Instead new assumptions for projections were created.

Figure VII-7 **2001 Fiscal Impact Statement – SB 821**

Expenditure Impact

FY 2001-02	\$2,255,583	10 FTE	General Fund
FY 2002-03	\$2,998,433	12 FTE	General Fund

Fiscal Implications: The Chesapeake Bay Local Assistance Department (CBLAD) states that this bill will increase its regulatory and administrative responsibilities, resulting in additional workloads that cannot be absorbed within current resources.

Financial Assistance: There are currently 84 counties, cities, and towns that are subject to the Chesapeake Bay Act and Regulations. Section 10.1-20.3 of the Code of Virginia requires the Chesapeake Bay Local Assistance Board to provide financial assistance to the affected localities for implementation of the Chesapeake Bay Act. All financial assistance is done through CBLAD and currently \$1,040,462 is appropriated each fiscal year for that purpose. CBLAD indicates that this amount is not enough to support the needs of 108 additional localities. CBLAD states that an additional \$750,000 would be needed each year for Agricultural Implementation Grants. An additional \$845, 196 would be needed in Fiscal Year 2002 for the Competitive Grant Program and \$1,690,393 in Fiscal Year 2003.

Operating: This legislation will expand the provisions of the Chesapeake Bay Act to include the majority of the Piedmont and Shenandoah Valley regions of Virginia. CBLAD states that a new field office would need to be located in Staunton or Harrisonburg to accommodate the additional localities. At CBLAD's inception, program personnel spent a large amount of time in the affected localities in order to provide assistance and gather the information necessary to implement the program. Due to the remote locations of a number of the expanded localities, CBLAD states that it would not be a feasible to operate these programs out of the Richmond office. Based on a comparison of similar size office space, CBLAD states that it would cost approximately \$50,000 each year in rent and utilities to operate an office for approximately 12 employees.

Personnel: The expansion will not only require additional personnel to handle the review of localities' comprehensive plans and ordinances, but would also require additional regulations to be developed for the new localities due to the difference in the geological makeup of the regions. CBLAD states that regulatory, review, and board support activities, as a result of this legislation will require twelve additional classified positions costing a total of \$464,540. Of these twelve positions, nine (three Environmental Specialist II (\$42,336 each), three Environmental Specialist I (\$35,426 each), one Information Technology Specialist I (\$44,265), one Administrative and Program Specialist IV (\$29,933), and one Program Administration Practitioner I (\$38,727) would be needed starting in Fiscal Year 2002. Two additional positions (two Environmental Specialist I (\$35,426 each) would be added in Fiscal Year 2003. The new field office will require one additional classified position (Administrative and Program Specialist I (\$14,676)) to handle general office duties starting in Fiscal Year 2002.

One-time costs to provide modular offices, furniture, two vehicles, and equipment for the new positions will be \$246,000 in Fiscal Year 2002 and \$40,000 in Fiscal Year 2003. Expenses for the additional six board members are estimated to be \$3,500 each year.

Data and Analysis – CBLAD Scenario # 1 - - Direct expansion: The purpose of creating this scenario is to present an alternative to the extrapolation method that relied upon a very generalized approach based upon the number of additional jurisdictions and land area that would be subject to the Act and its Regulations. This scenario draws more from the actual experience with respect to accommodating the needs of local governments, through providing financial and technical assistance, in their preparation of programs and on-going implementation.

Assumptions and parameters used for this scenario include the following:

- The first two years of the new program would involve preparation of new or revised regulations, temporary additional office space, and five professional staff (project manager, environmental specialist in karst topology, an engineer, and two planners one of which would have expertise in GIS and data systems);
- During the first two years, local assistance grant program funds will be used in the expansion area for pilot type program development activities;
- The local programs would be developed and reviewed in the same manner that was done for the Tidewater Area;
- There would be no appreciable change in the performance standards or the manner in which they are applied;
- Ultimate staff would be based on the same formula that is now used of one liaison for each PDC/RC, each of which would have an additional area of expertise with additional support in the environmental engineering division of three personnel, additional administrative support of two personnel, a field office manager, and a program manager;
- There would be one additional staff member who would take on responsibilities dealing with the Bay Program commitments that are now handled by the Chief of Environmental Planning, as that position will have greater responsibility and less time to deal with the Bay Program.
- Costs associated with outfitting and housing the 15 new positions are updated from the SB 821 analysis in order to reflect the current personnel classification system.
- The farm plan grant allocation remains constant at the \$750,000 per year described earlier in this chapter;
- The technical assistance grant program is more reflective of the allocations made based upon the type of program and type of jurisdiction as experienced in the Tidewater program. A spreadsheet and explanatory narrative is provided in the appendices.
- The costs for the Tidewater program remain constant (without consideration of merit pay increases as allowed by the general assembly) as the overall program continues with the Phase III aspect, on-going implementation review and enforcement, and overall program enhancements including Bay Program commitment activities.

Table VII-5 CBLAD –BUDGET PROJECTIONS FOR SCENARIO #1

CATEGORY	Current Budget	Expansion (annual)		Totals (annual)	
		1 st 2 years	Full operation	1 st 2 years	Full operation
Personnel & Operations	1,585,856	307,100	844,251	1,892,956	2,430,107
Remote Office Ops	n/a	n/a	50,000	0	50,000
Local Assistance Grants	571,962	50,000	797,454	621,962	1,369,416
Agricultural Grants	468,500	50,000	750,000	518,500	1,215,800
Space/Equip set up (1x)		62,500	232,500	One time cost	One time cost
TOTALS	2,626,318	407,100		3,033,418	5,065,323
AGENCY Maximum Employee Level (MEL)					
Appointed	1	0	0	1	1
Classified	20	5	15	25	35
TOTALS	21	5	15	26	36

Data and Analysis – CBLAD Scenario # 2 - - Modified program expansion: The main difference between the scenarios occurs during the first two years. Scenario #2 envisions a concerted effort to proceed immediately with the recommendation contained in Chapter VII that pertains to engaging in water quality planning concurrent with development of new regulations. Also, the more intensive activity in the first two years prepares for a highly productive implementation program commencing in year three.

Scenario #2 is not substantially different from scenario one in its long-term (full operation) aspects when considered over time i.e. with the local assistance grant program allocations averaged over a period of time. But it does recognize a “phasing-in” of compliance actions based upon a strategy to address the most immediate needs (i.e. a focus upon areas with higher growth rates, existing water quality problems, and more RPA features).

Other than the above, the assumptions associated with Scenario #1 applied to Scenario #2.

Table VII-6 CBLAD –BUDGET PROJECTIONS FOR SCENARIO #2					
CATEGORY	Current Budget	Expansion (annual)		Totals (annual)	
		1 st 2 years	Full operation	1 st 2 years	Full operation
Personnel & Operations	1,585,856	366,215	844,251	1,952,071	2,430,107
Remote Office Ops	n/a	12,500	50,000	12,500	50,000
Competitive Grants	571,962	150,000	797,454	721,962	1,369,416
Agricultural Grants	468,500	50,000	750,000	518,500	1,215,800
Space/Equip set up (1x)		62,500	232,500	One time cost	One time cost
TOTALS	2,626,318	578,715		3,205,033	5,065,323
AGENCY MEL					
Appointed	1	0	0	1	1
Classified	20	5	15	25	35
TOTALS	21	5	15	26	36

Estimated Costs:

Comparison of projections: Table VII-7 provides a comparison among the initial CBLAD estimate for implementation of SB 821 and the two scenarios crafted for this report. There are some items reflected in the SB 821 analysis that were not previously considered in the expansion analysis. These items include \$114,114 for an operations supplement, a \$728,158 competitive grant supplement, a \$31,500 agricultural grant supplement, and \$150,000 annually for continuation of the special water quality-monitoring program at Polecat Creek. When considering the expansion, the supplemental appropriation requests for grants have not been continued. The agricultural issue was noted earlier by acknowledging that the demand far exceeds currently available resources and that a \$750,000 annual appropriation for the expansion was reasonable. A portion of the local assistance grant program supplemental need will be accommodated as

program development demands diminish in the Tidewater Area. While the supplement for the local assistance grant program is no longer being carried in the expansion analysis, it is likely that demand from the affected localities for additional program implementation funding may have such a request resurface in the future. Additional funding for the Polecat Creek project is retained as that project is viewed as being a critical component of the overall mission of CBLAD.

Based on the information provided in Table VII-7 and the narratives, it is suggested that the figures shown for Study Scenario #2, both the short-term (2-year cycle) and the long-term (annual average for full operation over a significant period of time) be used for budgetary planning and fiscal impact analysis purposes.

Table VII-7 CBLAD – DEPARTMENT BUDGET PROJECTIONS FOR EXPANSION					
CATEGORY	Estimate for SB 821		Study Scenarios		
	Existing Need	Total	#1-S	#2-S	#2-L
Personnel & Operations	1,585,856	3,624,814	1,892,686	1,952,071	2,429,837
Operations Supplement	114,114	114,144	114,144	114,144	114,144
Remote Office Ops	0	50,000	0	12,500	50,000
Competitive Grants	571,962	2,262,355	621,962	721,962	1,369,416
Comp Grant Supplement	728,158	728,158	n/a	n/a	n/a
Agricultural Grants	468,500	1,218,500	518,500	518,500	1,215,800
Ag Grant Supplement	31,500	31,500	n/a	n/a	n/a
WQ Monitoring Suppl.	150,000	150,000	150,000	150,000	150,000
TOTALS	3,650,120	8,179,471	3,297,292	3,469,177	5,329,197
Space/Equip set up (1x)	0	490,000	62,500	62,500	232,500
AGENCY MEL					
Appointed	1	1	1	1	1
Classified	20	49	25	26	35
TOTALS	21	51	26	27	36

Potential Offsets to Program Operation Funding: The CBLAD program is presently funded through the general fund with only a \$60,000 supplement from the Bay Program Implementation Grant for Virginia and minor incidental grants that are for specific short-term projects. Previously, there had been funding through a combination of sources including the Coastal Zone Management Program, the Bay Program Implementation Grant Program, and the General Fund. These funding sources and the overall structure of the Commonwealth's non-point source (NPS) funding programs were briefly reviewed to see if there was opportunity for consolidations or shifting of priorities for funding.

Within the NPS program and the Bay Program implementation grant (EPA) there is a considerable amount of funding allocated for the preparation of nutrient management plans. Approximately \$550,000 is allocated through the Bay Program Implementation Grant. The Environmental Program Funding Synopsis report, prepared with regard to the Chesapeake Bay 2000 Agreement commitments, identifies over \$500,000 for the SWCD function. In addition, NRCS provides funding for nutrient management plans. It seems that closer coordination among these funding programs could result in changes to their

products and adjust them to Bay Act farm plans when the farm parcel has an RPA designation. As noted previously in this Chapter, the demand for plans exceeds short-term resources and the program for farm planning is ongoing. Thus, a program accommodation could achieve the result mandated by the Act and its Regulations with only an incremental impact on the overall production of nutrient management plans (i.e. accommodation of the difference in costs between the different types of plans). This is particularly appropriate for the start-up period when the Bay Act farm plans are applied to the livestock operations in the expansion area. Also, there are existing programs for the confined animal operations and poultry operations that would remain separate from the provisions of the Act and its Regulations.

The Water Quality Improvement Act/Fund provides varying amounts of funding for projects, studies, and plans. The amount is dependent upon an allocation from the state legislature. The WQIA/F cannot be identified as a stable source of funding for the expansion program; however, in many instances the fund has been used for projects that compliment the goals of the Act, its purposes, and its performance standards. Thus, it may be used to reinforce the local assistance grant program especially with regard to program development (examples include funding for stormwater management projects, on-site wastewater improvement programs including pump-out programs – a list of WQIA funded projects is contained in the appendices). Providing a grant award criteria that relates to the Act and its Regulations would aid in directing the funding to better address priority water quality needs in the Commonwealth.

The Bay Program Implementation grant, in addition to the \$1,202,489 (federal funds only – there is a 50% match) focused upon agricultural activities, contains approximately \$200,000 in staffing and support for non-mandated community and watershed focused planning. Given the mandatory nature of the Act and its Regulations, it would be appropriate to consider a shift in priority for those funds and direct them to the operational side of the expansion program. Additionally, the grant contains approximately \$180,000 for in-direct or one-time projects and another \$180,000 for studies that will be completed in the present grant cycle. As a matter of priority setting, this type (amount) of funding could be directed to the expansion program as it is demonstrated in Chapter IV that the expansion is definitively a direct implementation of the Bay Agreement in the Commonwealth.

Given the potential for off-set opportunities in-lieu of full general fund financing, the potential for coordinating and collaborating with other state programs to reduce the “stand-alone” implementation of an expansion program. A summary of the information discussed above is shown in Tables VII-8 and 9.

Table VII-8	Additional Program Costs, Initial Budget Period			
<i>Purpose</i>	<i>Annual Costs Initial Budget Period</i>	<i>General Fund</i>	<i>Other Sources</i>	
Operations	\$ 378,715	\$ 190,000 1 st half of Va Fiscal Year	Consideration of reprioritization of the Bay Program Implementation Grant (EPA)	
Local Assistance Grants	\$ 150,000	\$150,000	Although other sources may be used on a case-by-case basis, planning should be through the general fund.	
Agriculture Grants	\$ 50,000	\$ 0	Work in concert with existing programs for Applying Bay Act farm plan concepts in the proposed Expansion Area	

Table VII-9	Additional Program Costs, Sustained Program			
<i>Purpose</i>	<i>Annual Costs Sustained Program</i>	<i>General Fund</i>	<i>Other Sources</i>	
Operations	\$ 894,251	\$ 447,125	50% match to the balance from the Bay Program Implementation Grant (revised priorities)	
Local Assistance Grants	\$ 797,454	\$797,454	For planning purposes, the total anticipated should be considered as a general fund obligation although it may be supplemented by other sources.	
Agriculture Grants	\$ 750,000	\$500,000	Work in concert with existing programs for Applying Bay Act farm plan concepts in the proposed Expansion Area	

ATTACHMENTS TO THE DRAFT:

FULL STAFFING, EXPANSION PROGRAM						
# FTE	Salary	Total	Fringe 28%	Total	Grade/Step	Position description
8	46,183	369,464	103,450	472,914	13 - - 11	Environmental Specialist II (7 Liaisons, 1 Bay Program)
3	46,183	138,549	38,794	177,343	13 - - 11	Environmental Specialist II (Karst, Civil, Technology)
1	42,247	42,247	11,829	54,076	12 - - 11	Financial & Audit Services Manager I
2	27,060	54,120	15,154	69,274	07 - - 11	Administrative and Program Specialist I
1	55,191	55,191	15,453	70,644	15 - - 11	Environmental Manager II
15		659,571	184,680	844,251		

FIRST TWO YEARS SCENARIO #1						
# FTE	Salary	Total	Fringe 28%	Total	Grade/Step	Position description
2	46,183	92,366	25,862	118,228	13 - - 11	Environmental Specialist II (2 planners, one with technology)
2	46,183	92,366	25,862	118,228	13 - - 11	Environmental Specialist II (Karst, Civil)
0	42,247	0	0	0		Financial & Audit Services Manager I
0	27,060	0	0	0		Administrative and Program Specialist I
1	55,191	55,191	15,453	70,644	15 - - 11	Environmental Manager II
5		239,923	67,177	307,100		

FIRST TWO YEARS SCENARIO #2						
# FTE	Salary	Total	Fringe 28%	Total	Grade*	Position description
3	46,183	138,549	38,794	177,343	13 - - 11	Environmental Specialist II (2 planners, one with technology)
2	46,183	92,366	25,862	118,228	13 - - 11	Environmental Specialist II (Karst, Civil)
0	42,247	0	0	0		Financial & Audit Services Manager I
0	27,060	0	0	0		Administrative and Program Specialist I
1	55,191	55,191	15,453	70,644	15 - - 11	Environmental Manager II
6		286,106	80,109	366,215		

ATTACHMENTS TO THE DRAFT:

LOCAL ASSISTANCE GRANT PROGRAM ALLOCATION CALCULATIONS

Localities	Tidewater	Expansion	Difference	%	Factor			
Counties	29	36	7	24%	1.24			
Cities	17	11	-6	-35%	0.65			
Towns	38	57	19	150%	1.50			
PDC/RCs	8	7	-1	** 100%	1.00			
	92	111	19			** adjustment since 3 existing PDCS will have additional localities		

		Phase I Development			Phase II Development		
	Factor	Amount	Allocation		Amount	Allocation	
Counties	1.24	890,095	1,103,718		489,315	606,751	
Cities	0.65	380,370	247,240		331,925	215,751	
Towns	1.50	173,314	259,971		79,400	119,100	
PDC/RCs	1.00	441,549	441,549		608,749	608,749	
		1,885,328	2,052,478		1,509,389	1,550,351	

Implementation Grants					Local Assistance Needs		
	Factor	Amount	Allocation			Tidewater	Expansion
Counties	1.24	3,383,512	4,195,555		Dev - I	1,885,328	2,052,478
Cities	0.65	1,071,034	696,172		Dev - II	1,509,389	1,550,351
Towns	1.50	217,465	326,198		Imp	5,420,699	5,966,613
PDC/RCs	1.00	748,688	748,688		TOTAL	8,815,416	9,569,442
		5,420,699	5,966,613		Annual*	734,618	797,454
					Based on twelve years		

NARRATIVE:

The parameters and guidance for the calculation of the local assistance grant program costs includes the following:

* Instead of doing extrapolation by the total number of localities and the total Tidewater allocation of grants over a twelve year period, the change per type of jurisdiction per the type of grant (Dev - I, Dev -II, Implementation) was calculated.

* From the annual allocation tables, it is noted that Phase I & II program development used grant funds followed by increases in funding for the implementation programs. Thus, over a 10 or 12 year period, the average grant amount is a reliable figure with a shift occurring in its use.

* Under Scenario #2, an emphasis upon Phase II Development would accelerate the demand for development funding; however, worked into Scenario #2 is a phasing in process whereby not all localities would need to accelerate a Phase II development program.

For the purpose of the analysis it is assumed that these factors off-set eachother, thus the annual average is not adjusted.